

ORIGINAL

Arizona Public Service Company E-01345A-11-0224

January 24, 2012

The Arizona Republic
200 E. Van Buren
Phoenix, AZ 85004
Attention: Ryan Randazzo

0000134075

For the past several years, the purpose is to a) provide information b) help me track my progress (excuse me....I didn't know I was progressing toward something), and c) to share energy efficiency tips (like we haven't already heard them 10,000 times). If APS was truthful, it would state the real reason for sending this statement: to change my behavior. So, not only is it completely disingenuous, but it also is a complete waste of money. If you saved what must be substantial amounts of money that it costs to print, and mail this worthless piece of paper, just think what you might be able to do with our utility rates.

Please don't bother telling me about how our rates might go down 1 per cent soon.....I'm duly unimpressed. When I see how much waste there is in the sending of just this one letter, which is essentially accusing ME of waste, it makes me sick.

Do you have any idea at all of how furious everyone about having government (yes, you are government) stick their nose in every single tiny piece of our lives? Now we have the utility police, the garbage police, the food police, the light bulb police, and on and on and on.

Can even one of you justify this expense? OR, tell me with any authority or certainty that if my bill went down 100 dollars per month, that APS wouldn't continue to send this letter? Of course you can't. APS and you won't be happy until we're all living in tents and burning "green" candles for light.

No wonder people want to live off the grid. I suppose it's too much to hope that anyone who has some common sense on these matters would ever be elected to the Corporation Commission.

I just wonder.....do the Commissioners receive these letters? If you do, how does it make you feel? Do you change your behavior because of it?

Terri Siddons

From: Colin Adams
17825 W. Spencer Drive
Surprise, AZ 85374

Dear Mr. Randazzo,

I am writing in response to your article in the January 22, 2012 issue of *The Arizona Republic* regarding the pending rate increase proposal by Arizona Public Service, (APS). Your article indicated that "APS has agreed to seek ways to make bills more reader friendly to help customers understand exactly what they are paying for". That would be a much welcomed improvement.

Since moving here from Oregon six years ago I have been tracking my monthly APS bills in an attempt to understand their billing terminology. I retired in 1988, after thirty years of service, from a regulated telephone utility in California. Over the years I had been indirectly involved with many of the company's rate case proposals to the California Public Utilities Commission, (CPUC). Even with that experience I found it very difficult to understand many of the various billing categories in my APS bill and how they related to my actual power usage.

The philosophy of the CPUC was to establish customer rates based upon the documented costs of the utility to provide the service while allowing a "reasonable" rate of return on their investment. That philosophy was generally understood and accepted by our customers since their rates only went up, or down, when the "documented" costs of the service went up or down and the cost to our customers was therefore directly related to their actual usage of the services.

I have attached an exhibit which reflects my idea(s) of how the APS bill could be changed to represent the cost of service based upon actual usage. Please feel free to contact me at 623-476-2230 if you have any questions.

Sincerely,

Colin Adams
Colin AdamsCC: Arizona Corporation Commission - Commissioners Wing
1200 W. Washington
Phoenix, AZ 85007-2996RECEIVED
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ATTACHMENT**1. COST BASED RATES**

In addition to my actual electricity usage, measured in kWh, my bill should include my incremental share of the costs associated with the provision of my electrical usage. That would include my share of the cost of:

1. Existing power generation facilities
2. Existing distribution plant
3. Maintenance and Administrative overhead
4. Future planning and engineering
5. Contracted energy purchases from another power generating company to level out sudden peak demands. (Note: This would be offset by any energy that APS sells to another power company and thus resulting in a credit to the APS customers)
6. Governmental Taxes & Fees
7. Surcharges & Credits approved by the Arizona Corporation Commission
8. "Reasonable" rate of return on investment to APS

These costs are fixed and remain unchanged until a new rate increase is approved by the Arizona Corporate Commission.

2. USAGE BASED BILLINGS

In addition to the fixed costs, as determined in 1. above, and all associated Taxes & Fees my bill should only contain items that reflect my power usage costs per kilowatt hours, (kWh's). The amount billed would vary from month to month but only based upon the varying number of kWh's used and the attendant varying Taxes & Fees.

My bill should include a glossary of terms that describes what each billing category means and the associated rate per kWh used.

3. CATEGORIES OF NO APPARENT RELATIONSHIP TO USAGEBasic Service Charge
Delivery Service Charge

The Basic Service Charge and the Delivery Service Charge should be for only those sunk costs that I should pay for because I chose to connect to the APS facilities whether I choose to actually use any electricity or not. This is the expense that APS went to so I "could" have electrical service. It doesn't cost APS more to deliver 10 kWh to my home than it would cost to deliver 1 kWh. Therefore, these items should reflect only those fixed costs and are not usage sensitive.

Environmental Benefits Surcharge
Federal Environmental Improvement Surcharge
System Benefits Charge
Power Supply Adjustment

These items need to be defined and also state the adjustment rate per kWh. We customers have no idea what these charges are for.

Metering
Meter Reading
Billing

With the electronic meters that are now read automatically via transponders and then converted mechanically to the monthly bill, these items should be included as part of the existing plant and administrative overhead that is built into the basic monthly service charge. These costs are fixed and NOT USAGE SENSITIVE.

Generation of Electricity On-Peak
Generation of Electricity Off-Peak

This appears to be a very inequitable method of assigning costs to the usage billed based upon the overall demand on the system during these parts of the day. On my most recent bill my On-Peak usage was 290 kWh or 48% of my total usage and I was charged \$31.87 for the Generation of Electricity On-Peak. My Off-Peak usage was 315 kWh or 52% of my total usage and I was charged only \$6.42 for the Generation of Electricity Off-Peak. Not much reward for shifting 52% of my usage to the Off-Peak hours.

These categories are an obvious attempt to make the users aware of the necessity to conserve energy by shifting the demand from the On-Peak hours to the Off-Peak hours. A more effective method to accomplish this shift of demand and to conserve even more energy would be to charge the user significantly more for their On-Peak usage and significantly less for their Off-Peak usage. I would suggest that the On-Peak usage rate should be 100% of the actual cost to generate each kWh and the Off-Peak usage rate should be 20% to 30% of the actual cost to generate each kWh. This would maintain a usage based billing system and at the same time more effectively giving the user a greater incentive to conserve energy and therefore delaying the need and costs for additional power generation facilities.

It is false logic that APS should be rewarded with higher rates because we users have been effective in conserving energy by simply turning off some of our high energy consuming appliances or shifting our demand to the Off-Peak hours or by using CFL bulbs or converting to solar energy. These conservation measures actually reduce costs for APS and delays the need for additional generating facilities and distribution plant. Those reduced costs should result in lower rates rather than another rate increase.

Federal Transmission and Ancillary Services
Federal Transmission Cost Adjustment
System Benefits Adjustment

These items need to be defined and also state the adjustment rate per kWh. Perhaps these items would more properly be included in the Taxes & Fees section of the bill.

Taxes & Fees

These charges are the only ones that should vary month to month along with the charges for the varying actual kWh usage.